

**REGION V HAZARDOUS MATERIALS  
RESPONSE COMMISSION**

**INDEPENDENT AUDITOR'S REPORT  
BASIC FINANCIAL STATEMENTS  
SCHEDULE OF FINDINGS**

**JUNE 30, 2015**

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## REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

### BOARD OF DIRECTORS

**Stan Watne, Chairman**

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<i>COUNTY</i>	<i>SUPERVISOR</i>	<i>ALTERNATE</i>
Calhoun	Scott Jacobs	Steve O'Conner, EMA
Carroll	Dan Nieland	Sara Nielsen, EMA
Greene	Tom Contner	Dennis Morlan, EMA
Hamilton	David Young	Phil Queen, EMA
Humboldt	Harlan Hansen	Mort Christianson, Supervisor
Pocahontas	Ed Dewey	Russ Jergens, EMA
Sac	Ranell Drake	James Bullock, EMA
Webster	Merrill Leffler	Tony Jorgensen, EMA
Wright	Stan Watne	Jim Lester, EMA

### OTHER REPRESENTATIVES

Fort Dodge:	Andy Fritz, City Council	Dean Hill
	Kent Hulett, Fire Chief	
LEPC Chairperson:	Stan Watne	



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Region V Hazardous Materials  
Response Commission:  
Fort Dodge, IA

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Region V Hazardous Materials Response Commission, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis and cash basis of accounting as described in Note 1. This includes determining the basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to on the preceding page present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Region V Hazardous Materials Response Commission as of June 30, 2015, and the respective changes in its financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## **Emphasis of Matter**

As described in Note 1, these government-wide financial statements are prepared on the modified cash basis of accounting and the government funds financial statements are prepared on the cash basis of accounting. Both of the accounting methods are a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2016 on our consideration of Region V Hazardous Materials Response Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Region V Hazardous Materials Response Commission's internal control over financial reporting and compliance.

*Schnur & Company, LLP*

Fort Dodge, Iowa  
March 24, 2016

## **REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Region V Hazardous Materials Response Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

#### **2015 FINANCIAL HIGHLIGHTS**

- Revenues of Region V Hazardous Materials Response Commission's governmental activities decreased 0.15%, or approximately \$300 from fiscal 2014 to fiscal 2015.
- Expenses increased 13%, or approximately \$29,000 from fiscal 2014 to fiscal 2015.
- Region V Hazardous Materials Response Commission's total modified cash basis net position decreased 9%, or approximately \$20,000 from fiscal 2014 to fiscal 2015.
- Expenses primarily increased as a result of an increase in team contract expenses paid to city.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of Region V Hazardous Materials Response Commission's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Region V Hazardous Materials Response Commission as a whole and presents an overall view of Region V Hazardous Materials Response Commission's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Region V Hazardous Materials Response Commission's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### BASIS OF ACCOUNTING

Region V Hazardous Materials Response Commission maintains its financial records on the basis of cash receipts and disbursements, and the financial statements of Region V Hazardous Materials Response Commission are prepared according to that basis for the fund financial statements. The government-wide financial statements are prepared on the modified cash basis of accounting. Neither the cash basis nor modified cash basis of accounting give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present the financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash or modified accrual basis of accounting.

### REPORTING THE REGION'S FINANCIAL ACTIVITIES

#### *Government-wide Financial Statements*

One of the most important questions asked about Region V Hazardous Materials Response Commission's finances is, "Is Region V Hazardous Materials Response Commission as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information that helps answer this question.

The Statement of Net Position presents Region V Hazardous Materials Response Commission's net position. Over time, increases or decreases in Region V Hazardous Material Response Commission's net position may serve as a useful indicator of whether the financial position of Region V Hazardous Materials Response Commission is improving or deteriorating.

The Statement of Net Position and Statement of Activities information:

- Region V Hazardous Materials Response Commission Activities include public information, first responder Hazmat training and planning in each of the Region's nine counties, and emergency response capabilities. State and federal grants finance most of these activities.

#### *Fund Financial Statements*

- Region V Hazardous Materials Response Commission has the following fund:
  - 1) Governmental funds account for Region V Hazardous Materials Response Commission's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund and 2) the Special Revenue Funds, such as grant funds.

The governmental fund financial statements provide a detailed, short-term view of Region V Hazardous Materials Response Commission's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Region's programs.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### REPORTING THE REGION'S FINANCIAL ACTIVITIES (CONTINUED)

#### *Fund Financial Statements (Continued)*

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in fund balances.

### GOVERNMENTAL FUND FINANCIAL ANALYSIS

Region V Hazardous Materials Response Commission's cash balance for governmental activities increased from a year ago, from \$180,803 to \$159,058. The analysis that follows focuses on the changes in cash balances for governmental activities.

**Statement of Cash Receipts, Disbursements and  
Changes in Fund Balance - Cash Basis  
As of and for the Year Ended June 30, 2015**

<b>Receipts:</b>	
County contributions	\$ 134,212
Federal grants	79,578
Investment income	215
Incident reimbursements	8,090
Other income	4,174
<b>Total receipts</b>	<u>226,269</u>
<b>Disbursements:</b>	
Planning grant expense	-
Training grant expense	19,925
Task force grant expense	59,648
Administration	60,188
Commission, general	2,837
Office expense	5,388
Auto/Truck	1,132
Team expense	9,075
Team contract paid to City	54,437
Team, supplies and miscellaneous	28,394
Insurance	6,990
<b>Total disbursements</b>	<u>248,014</u>
<b>Excess of disbursements over receipts</b>	(21,745)
Cash basis fund balance, beginning of year	<u>180,803</u>
Cash basis fund balance, end of year	<u><u>\$ 159,058</u></u>



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **GOVERNMENTAL FUND FINANCIAL ANALYSIS (CONTINUED)**

Region V Hazardous Materials Response Commission's total receipts for governmental activities decreased by 0.15%, or approximately \$300.

The cost of Region V Hazardous Materials Response Commission activities this year increased by 13%, or approximately \$29,000. The increase in 2015 costs was due mainly to the increase in administration expenses and team contract expenses paid to the city.

### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As Region V Hazardous Materials Response Commission completed this year, its funds reported a fund balance of \$159,058, a decrease of \$21,745 from last year's total of \$180,803.

### **CONTACTING THE REGION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Region V Hazardous Materials Response Commission's finances, and to provide the Region V Hazardous Materials Response Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Peg Stickrod, Finance Manager, PO Box 1736, Fort Dodge, IA 50501.

**REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION**



## **BASIC FINANCIAL STATEMENTS**



**REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION****Exhibit A****STATEMENT OF NET POSITION -- MODIFIED CASH BASIS****June 30, 2015**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 159,058
Capital assets, net of accumulated depreciation	<u>39,289</u>
<b>Total assets</b>	<u><u>\$ 198,347</u></u>
<b>Net Position</b>	
Net investment in capital assets	\$ 39,289
Unrestricted	<u>159,058</u>
<b>Total net position</b>	<u><u>\$ 198,347</u></u>

See Notes to Financial Statements.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

Exhibit B

STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS  
Year Ended June 30, 2015

		Program Revenues		
Expenses		Charges for Service	Operating Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Asset Activities
Expenditures:				
Training grant expense	\$ 19,925	\$ -	\$ 19,930	\$ 5
Task force grant expense	59,648	-	59,648	-
Administration	60,188	-	-	(60,188)
Commission, general	2,837	4,174	-	1,337
Office expense	5,388	-	-	(5,388)
Auto/Truck	1,132	-	-	(1,132)
Team expense	9,075	-	-	(9,075)
Team contract paid to City	54,437	8,090	-	(46,347)
Team supplies and miscellaneous	13,507	-	-	(13,507)
Insurance	6,990	-	-	(6,990)
Depreciation	13,119	-	-	(13,119)
Total expenditures	246,246	12,264	79,578	(154,404)
General revenues:				
County contributions				134,212
Interest on income				215
Total general revenues				134,427
Change in net position				(19,977)
Net position beginning of year				218,324
Net position end of year				\$ 198,347

See Notes to Financial Statements.

**REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION**

**Exhibit C**

**STATEMENT OF FUND BALANCES -- CASH BASIS**  
**June 30, 2015**

	<b>General</b>	<b>Special Revenue HMEP Grant</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 159,058	\$ -	\$ 159,058
<b>Total assets</b>	<u>\$ 159,058</u>	<u>\$ -</u>	<u>\$ 159,058</u>
<b>Fund Balance</b>			
Unassigned	\$ 159,058	\$ -	\$ 159,058
<b>Total fund balance</b>	<u>\$ 159,058</u>	<u>\$ -</u>	<u>\$ 159,058</u>

See Notes to Financial Statements.



**REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION****Exhibit D****RECONCILIATION OF THE STATEMENT OF FUND BALANCES -- CASH BASIS  
TO THE STATEMENT OF NET POSITION -- MODIFIED CASH BASIS  
June 30, 2015**

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<b>Total fund balances of governmental funds (page 10)</b>	\$ 159,058
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*Amounts reported for governmental activities in the  
Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the governmental funds.

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39,289

**Net position of governmental activities (page 8)**

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**\$ 198,347**

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See Notes to Financial Statements.

**REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION**

**Exhibit E**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES -- CASH BASIS**

**As of and for the Year Ended June 30, 2015**

	<b>General</b>	<b>Special Revenue HMEP Grant</b>	<b>Total</b>
Receipts:			
County contributions	\$ 134,212	\$ -	\$ 134,212
Federal grants	-	79,578	79,578
Interest on income	215	-	215
Incident reimbursements	8,090	-	8,090
Other income	4,174	-	4,174
<b>Total receipts</b>	<u>146,691</u>	<u>79,578</u>	<u>226,269</u>
Disbursements:			
Administration	60,188	-	60,188
Commission-General	2,837	-	2,837
Office expense	5,388	-	5,388
Auto/Truck expense	1,132	-	1,132
Team expense	9,075	-	9,075
Team contract paid to City	54,437	-	54,437
Training expense	-	19,925	19,925
Task force expense	26,442	33,206	59,648
Team miscellaneous supplies and expenses	28,394	-	28,394
Insurance expense	6,990	-	6,990
<b>Total disbursements</b>	<u>194,883</u>	<u>53,131</u>	<u>248,014</u>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	(48,192)	26,447	(21,745)
Cash basis fund balances, beginning of year	<u>207,250</u>	<u>(26,447)</u>	<u>180,803</u>
Cash basis fund balances, end of year	<u>\$ 159,058</u>	<u>\$ -</u>	<u>\$ 159,058</u>

See Notes to Financial Statements.

**REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION****Exhibit F****RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS AND CHANGES IN FUND BALANCES -- CASH BASIS  
TO THE STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS  
Year Ended June 30, 2015**

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<b>Change in fund balances - Total governmental funds (page 12)</b>	<b>\$</b>	<b>(21,745)</b>
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*Amounts reported for governmental activities in the  
Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$	14,887	
Depreciation expense		(13,119)	1,768
		<hr/>	<hr/>

<b>Change in net position of governmental activities (page 9)</b>	<b>\$</b>	<b>(19,977)</b>
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See Notes to Financial Statements.

## REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

### NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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#### Note 1. Summary of Significant Accounting Policies

Region V Hazardous Materials Response Commission (the "Commission") was formed in 1993 by seven counties pursuant to the provisions of Chapter 28E of the Code of Iowa. Two additional counties have since joined. The member counties included on the Commission are, Calhoun, Carroll, Greene, Hamilton, Humboldt, Pocahontas, Sac, Webster and Wright. The purpose of the Commission is to serve as a communicative and coordinating body to plan, foster, implement, monitor, and evaluate the coordination of hazardous materials response efforts among the body membership.

#### A. Reporting Entity:

For financial reporting purposes, Region V Hazardous Materials Response Commission has included all funds, organizations, agencies, boards, commissions, and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Region V Hazardous Materials Response Commission Foundation is a component unit of the Commission. The Foundation did not begin operations until July 1, 2015, therefore, no financial information is presented for the year ended June 30, 2015.

#### B. Basis of Presentation:

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Position and Activities presents the Commission's cash and capital assets, with the difference reported as net position. Net position is reported in the following categories:

*Nonexpendable restricted net position* is subject to externally imposed stipulations which require the net position to be maintained permanently by the Commission.

*Expendable restricted net position* results when constraints placed on the use of net position are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net positions that do not meet the definition of the preceding categories. Unrestricted net positions are often subject to constraints imposed by management, but can be removed or modified.

## NOTES TO FINANCIAL STATEMENTS

### June 30, 2015

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **B. Basis of Presentation (Continued):**

Government-wide Financial Statements (continued) – The Statement of Net Position and Activities demonstrate the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The Commission reports the following major governmental funds:

##### *General Fund:*

The General Fund is the general operating fund of the Commission. All general receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

##### *Special Revenue:*

The Special Revenue Fund represents the activity from the Hazardous Materials Emergency Preparedness Grant (HMEP). The HMEP Grant Fund is used to account for training and planning expenses related to hazardous materials preparedness and response capabilities.

##### **C. Measurement Focus and Basis of Accounting:**

##### *Government-wide Financial Statements:*

The Government-wide financial statements are prepared on the modified cash basis of accounting. Under that basis, only the cash and capital assets are recognized. The modified cash basis of accounting does not recognize accounts receivable, accounts payable and accrued items. Accordingly, the government-wide financial statements do not present financial position and results of operations in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost reimbursement grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted net position available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by general receipts.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued):**

*Fund Financial Statements:*

Region V Hazardous Materials Response Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are prepared on that basis. The cash basis of accounting does not recognize accounts receivable, accounts payable, and accrued items. Accordingly, the fund financial statements do not present financial position and results of operations in accordance with U.S. generally accepted accounting principles.

**D. Assets and Net Position**

The following accounting policies are followed in preparing the financial statements:

*Capital Assets:*

Capital assets, which include equipment, are reported in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Commission as assets with an initial, individual cost in excess of \$500 and estimated useful life in excess of two years.

Equipment is recorded at cost less accumulated depreciation. Depreciation of property and equipment is provided over estimated useful lives of 5-10 years on a straight-line basis.

*Fund Balances:*

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specified purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by laws through constitutional provisions or enabling legislation.

Assigned – Amounts the Commission intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Subsequent events: Subsequent events have been evaluated through March 24, 2016 which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**Note 2. Cash**

The Commission's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

**Note 3. Risk Management**

Region V Hazardous Materials Response Commission is exposed to various risks of loss related to torts: theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 4. Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Equipment	\$ 446,409	\$ 14,887	\$ -	\$ 461,296
Less accumulated depreciation for:				
Equipment	(408,888)	(13,119)	-	(422,007)
<b>Total capital assets, net</b>	<b>\$ 37,521</b>	<b>\$ 1,768</b>	<b>\$ -</b>	<b>\$ 39,289</b>

**REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION**



**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Region V Hazardous Materials  
Response Commission

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Region V Hazardous Materials Response Commission as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 24, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Region V Hazardous Materials Response Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Region V Hazardous Materials Response Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Region V Hazardous Materials Response Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Region V Hazardous Materials Response Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings as Item II-A-15 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings as Item II-B-15 to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Region V Hazardous Materials Response Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## **Region V Hazardous Materials Response Commission's Responses to Findings**

Region V Hazardous Materials Response Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Region V Hazardous Materials Response Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Schnur & Company, LLP*

Fort Dodge, Iowa  
March 24, 2016

**REGION V HAZARDOUS MATERIALS  
RESPONSE COMMISSION**

**Schedule of Findings  
Year Ended June 30, 2015**

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with the basis of accounting disclosed in Note 1.
- (b) A significant deficiency and material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES**

II-A-15 Segregation of Duties – One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties that are incompatible. We noted that substantially all aspects of the accounting functions are performed by one person.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – We will investigate available alternatives and implement as soon as possible.

Conclusion – Response accepted.

**Schedule of Findings (Continued)**  
**Year Ended June 30, 2015**

**Part II: Findings Related to the Financial Statements (Continued):**

- II-B-15     Preparation of Financial Statements – Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to the fair presentation of the financial statements in accordance with the modified cash basis and cash basis of accounting. The Region V Hazardous Materials Response Commission does not have any internal control system designed to provide for the preparation of financial statements, including the accompanying footnotes required by generally accepted accounting principles.

As auditors, we were requested to draft the financial statements and accompanying notes to financial statements. The outsourcing of these services is not unusual in an organization of your size.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, in accordance with the modified cash basis and cash basis of accounting can be considered costly and ineffective. However, it is the responsibility of the Commission's management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – Management feels that committing the resources to remain current on the reporting requirements and corresponding footnote disclosures would lack benefit in relation to costs, but will continue evaluating on a going forward basis.

Conclusion – Response accepted.

**Part III: Other Findings Related to Statutory Reporting:**

- III-A-15     Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- III-B-15     Deposits and Investments – No instances of non-compliance with deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and Commission's investment policy were noted.